

**PENSION REFORM COMMITTEE  
MEETING OF  
July 6, 2004  
4:00 PM – 6:00 PM Meeting**

**401 B Street  
Conference Room, 4<sup>th</sup> Floor**

**MINUTES**

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**THE REGULAR MEETINGS OF THE PENSION REFORM COMMITTEE ARE  
SCHEDULED FOR EVERY TUESDAY AT 3:00 PM AT 401 B STREET, 4<sup>TH</sup> FLOOR**

THE OPINIONS AND VIEWS OF THE COMMITTEE OR ITS MEMBERS, AND PRESENTATIONS MADE AND DOCUMENTS PROVIDED TO THE COMMITTEE OR ITS MEMBERS, MAY CONTAIN PROJECTIONS, FORECASTS, ASSUMPTIONS, EXPRESSIONS OF OPINIONS, ESTIMATES AND OTHER BACKWARD-LOOKING RECONSTRUCTIONS OR FORWARD-LOOKING STATEMENTS, ARE NOT TO BE CONSTRUED AS REPRESENTATIONS OF FACT, AND ARE QUALIFIED IN THEIR ENTIRETY BY THIS CAUTIONARY STATEMENT. ONLY STATEMENTS MADE BY THE CITY IN AN OFFICIAL RELEASE OR SUBSEQUENT NOTICE OR ANNUAL REPORT, PUBLISHED IN A FINANCIAL NEWSPAPER OF GENERAL CIRCULATION AND/OR FILED WITH THE MSRB OR THE NRMSIRs ARE AUTHORIZED BY THE CITY. THE CITY SHALL NOT BE RESPONSIBLE FOR THE ACCURACY, COMPLETENESS OR FAIRNESS OF UNAUTHORIZED STATEMENTS.

**Item 1:        Call to Order**

**Item 2:        Roll Call**

<u>Members Present</u>	<u>Members Absent</u>	<u>Staff Present</u>
April Boling	Steve Austin	Patricia Frazier
Robert Butterfield		Chris Morris
Kathleen Walsh-Rotto		Larry Grissom, SDCERS Staff
Judith Italiano		Mary Braunwarth
William Sheffler		Pam Holmberg
Stanley Elmore		Paul Barnett, SDCERS Staff
Tim Considine		
Dick Vortmann		

**Item 3:        Approval of Minutes**

There was a request to amend the first motion in item 5 of the June 22 minutes to read “if there is an actuarial deficit in the retiree health care plan, the deficit should be funded on no greater than a fifteen year amortization schedule.” There was a motion for approval of the amended minutes for the June 22, 2004 Pension Reform Committee (Committee) meeting from Mr. Considine. The motion was seconded by Mr. Butterfield and passed unanimously.

## **Item 7:           Comments by Committee Chairperson**

Ms. Boling said she had an unexpected increase in work load from her business and would be unable to draft the Committee's final report. She has asked Mr. Considine to prepare the draft report. He will construct a straw man of the report and forward it to the members of Committee for review and individual comments. [The Committee is reminded to send comments only to Mr. Considine with a copy to Mr. Morris to avoid any Brown Act violations.]

## **Item 4:           Discussion on Ballot Proposals**

Ms. Boling discussed the Committee's proposed ballot measures that were brought before the Rules Committee on June 28. The Rules Committee heard public comment on the measures and discussed the issues. The Rules Committee voted to continue the proposals for two weeks until their July 14 meeting. She said the majority of the concern was about the Committee's ballot proposal to change the composition of the Retirement Board from thirteen to seven independent experts. Ms. Boling said she is not looking to change the Committee's recommendation, but wants to know what alternative recommendations are within the range of acceptability for the members of the Committee. She said, for example, she would accept a change on the Board to six independent experts and 3 employee representatives. She asked the other members for input. Mr. Vortmann said, while he appreciated Ms. Boling trying to find a compromise, he felt the Committee shouldn't negotiate without the Mayor or Council asking for an opinion from the Committee. He did agree that he could accept a Board composition if the independent experts were in the clear majority, such as six to three or eight to five. Mr. Considine believed the Committee should stand by their original recommendation, although he may be able to accept a predominantly independent Board such as seven to two. Mr. Elmore felt the current Board composition was fine, but he could support reducing the number of employee representatives to an elected retiree, a general employee member and a police/fire combo safety member and the City Management representative. He said the City Management representative should be the City Auditor. Ms. Walsh-Rotto said she felt the problems with the retirement system were the under-funding, not the make up of the Retirement Board. She felt the employees should have representation on the Board. Ms. Italiano felt the current composition of the board was fine and the Plan Sponsor should have a place on the Board. She said the Committee should concentrate its efforts on Councilmember Peters' suggestion to change the City Charter to make it illegal to under-fund the Retirement System in the future. Mr. Sheffler's biggest concern was that City Manager representatives were also members of the meet and confer team. This creates a conflict of interest that needs to be broken. He could compromise with the Board composition to include one employee and one retiree and all members appointed by the Mayor and confirmed by the City Council. Mr. Butterfield believed that the number of Board members should stay at thirteen because of the volume of work done by the Board. Between the Board meetings and sub-committee meetings, resources would be spread too thin with only seven members. He would approve of seven independent members, five representatives from labor and one from the City Manager. Ms. Boling concluded the discussion by saying that there is not a consensus by the Committee on a proposed composition for the Retirement Board, however there is a willingness by all members to support something other than the original seven member recommendation.

Ms. Boling asked for input from the City Attorney on Councilmember Peters' proposal to change the City Charter to make it illegal to have multi-year agreements between the City and SDCERS that serve to under-fund the System. Chris Morris of the City Attorney's Office said that under the Charter the City is obligated to pay what the actuary recommends and what the Board votes

on. It was his understanding that Mr. Peters wanted to propose a Charter amendment that put the City's pension obligation on an annual basis and prohibited multi-year agreements.

**Item 5: Discussion on Final Report**

There was no discussion.

**Item 6: New Business**

There was no new business.

**Item 8: Comments by Committee Members**

There were no comments.

**Item 9: Non-Agenda Public Comment**

There were no comments.

**Item 10: Adjournment**

The meeting was adjourned at 5:15